

United Airlines
United Continental Holding Inc.

United Continental Holding Inc. is the parent company of United Airlines and the product of a 2010 merge with Continental Airlines. It is the world's largest airline in terms of fleet size and number of destinations, operating 1,264 mainline and regional aircraft with service to 373 destinations. United Airlines is headquartered in Chicago, Illinois and has 87,000 employees worldwide operating out of 10 airline hubs. The company's three largest competitors are AMR Corp. the parent company for American Airlines, Delta Air which is currently the second largest airline in the world having been replaced by United after it's merging with Continental and US Airways. The original company was founded on April 6, 1926 as a contracted air mail carrier. It quickly partnered with Boeing Air Transport to become a commercial flight airliner. It's affiliation with Boeing allowed United to be one of the first airlines to purchase modern flight simulators for training as well some of the fastest passenger jets in the industry. The companies separated when United became a full time commercial airline and Boeing chose to solely distribute, manufacture and sell commercial aircrafts. United still has more Boeing aircraft than any other manufacturer and of any airline. The company's single largest operating expense is and has always been fuel.

The current airline industry is seeing an incredible increase in "budget airlines" these are airlines that purchase a small amount of very large aircraft then fill them with all types of entertainment options an amenities that large fleet major airlines cannot possibly accommodate. These "budget

airlines” basically pack as many people as they can in the largest planes they can afford and then fly only to the most popular destinations. Because they have smaller fleets of large planes they don’t need as many employees and because they focus on the most popular destinations they almost always fly at maximum capacity. This allows them to keep fares low and entertainment high. They are branded as hip and fun airlines, the largest of them being JetBlue. Although these airlines are not a substantial threat to larger airlines on a global scale because they can never reach as many destinations, they are siphoning off a tremendous amount of income, thus leading to unprecedented furloughing of United staff. Furthermore, the hip and young image these airlines project makes the major airlines look dated and boring.

United and Continental’s merge was directly attributed to the rise of these new airlines. Their business plan was to combine fleets and then sell off as many of the smaller and older planes as they could while simultaneously using their combined buying power to invest in a modern fleet of some of the largest aircraft available to date. This includes the Boeing 787 Dreamliner and the largest commercial aircraft ever built, Airbus’s A380. United has purchased over 20 of these new planes each thus leaving their 2012 net income at **-723 M** despite 2012 sales being

37,153 M.

Despite their efforts to appear more modern United still markets itself as a prestigious, high-end airline. Their target audience is business class travelers. They are less concerned with entertainment but very attuned to business needs. They’re the first airline to offer in-flight wifi, work stations, software integrations, USB outlets and many more business oriented amenities.

The problem with this is they’ve almost completely lost the younger lower income passengers as

well as a large chunk of vacation and family travelers. An airline this size in this economy cannot solely rely on wealthy business travelers alone and now that they've turned the corner and purchased some cutting edge aircraft they need P.R. intervention to rebrand themselves as an economically friendly and fun way to fly while still maintain their gold standard reputation and their business class passengers.